GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:432
ANSWERED ON:23.12.2014
IRREGULARITIES IN IMPORT OF FERTILIZERS
Kumar Dr. Arun;Rajendran Shri S.

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the quantum of fertilizers imported by the Indian Potash Limited and the Indian Farmers Fertilizar Cooperative (IFFCO) Limited and subsidy paid by the Government thereon during each of the last two years and the current year;

(b) whether irregularities in the import of fertilizers by the Indian Potash Limited, IFFCO etc. from Jordan based companies have come to the notice of the Government and if so, the details thereof;

(c) whether any inquiry has been constituted to probe the matter and if so, the details thereof; and

(d) the remedial measures taken by the Government to check irregularities in import of fertilizers?

Answer

MINISTER OF CHEMICALS AND FERTILIZERS (SHRI ANANTH KUMAR)

(a) to (d): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.432 TO BE ANSWERED ON 23RD DECEMBER 2014 REGARDING IRREGULARITIES IN IMPORT OF FERTILIZERS

(a) Import of urea for direct agriculture use is made on Government account through three State Trading Enterprises i.e. MMTC, STC and Indian Potash Limited (IPL). The cost of urea imported by these STEs is reimbursed by Government to these companies. Government of India (GOI) is also importing urea from Oman India Fertilizer Company (OMIFCO) under long term Urea Off-Take Agreement (UOTA) through M/s IFFCO & KRIBHCO. In case of urea imports from Sur, Oman through IFFCO & KRIBHCO, the payment is released directly to OMIFCO. No direct subsidy is paid by the GOI on imported urea. The urea imported on Government account is sold to the farmers at statutory notified Maximum Retail Price (MRP) in the country and the difference between cost incurred and MRP is borne by Government as subsidy on urea. The urea imported by IPL and IFFCO on Government account during the last two years and current year upto 30.11.2014 is as under:-

(Qty. in LMT)

Year	Through IPL	Through IFFCO from Oman
2012-2013	36.28	9.33
2013-2014	25.45	10.52
2014-2015 till Nov 14	8.10	4.84

Fertilisers other than urea i.e. Phosphatic & Potassic (P&K) fertilisers are imported under Open General Licence (OGL). The fertilizers companies are importing these fertilisers as per their commercial considerations after reviewing the demand supply position. Government of India is paying subsidy on the imported P&K fertilisers sold by the importers for direct agriculture use. M/s IPL & IFFCO are importing these P&K fertilisers and claiming subsidy from GOI. Year wise quantity of imported P&K fertilisers vis-a-vis amount of subsidy claimed by M/s IPL and IFFCO during the last two years and current year upto 15.12.2014 is as under:-

Year	IPL		IFFCO	
	Qty. in LMT	Amount Rs/cr.	Qty. in LMT	Amount Rs/cr.
DAP				
2012-13	14.73	2037.42	1.73	247.24
2013-14	10.45	1603.76	1.48	217.42
2014-15#	5.64	852.28	0.74	104.30
MOP				
2012-13	12.56	1833.31	0.00	0.00
2013-14	15.62	1610.96	0.00	0.00
2014-15#	5.62	444.00	0.00	0.00
NPK				
2012-13	0.43	45.87	0.00	0.09@
2013-14	2.19	314.60	0.00	11.83@
2014-15#	1.43	102.74	0.00	0.00

up to 15.12.2014
Quantity = Quantity received in district
Amount = Subsidy and freight reimbursement paid based on receipt of fertilisers in the districts.
@ Paid on quantity of earlier years.

(b) & (c): (i) Yes madam, a complaint was received in January 2010 in which it was alleged that MD IPL signed an agreement with M/s Astra Global on 2nd March 2009 where the price of DAP is shown higher to the Government and US$30 is taken by the company back through credit note claiming very high subsidy of US$30 per MT from the Government. On enquiry of the complaint it was found that M/s IPL had informed the Government about the credit of US$30 per MT, which it availed on a quantity of 78150 MT of DAP arrived in the month of July 2009 as per their contract with M/s Astra Global. This discounted price was accounted by the DOF while finalising the subsidy rate of DAP for the month of July 2009.

(ii) Irregularities regarding import of DAP & Rock Phosphate by Indian Potash Limited (IPL) from Jordan Phosphate Mining Company (JPMC) at Jordan has been brought to the notice of DOF through a complaint received in March 2014. The allegations in the complaint are being examined by a senior officer in the Department of Fertilisers.

(d) The import of P&K fertilisers is under OGL and made by the importers based on their commercial prudence. Government has announced Nutrient Based Subsidy (NBS) scheme w.e.f. 1st April 2010 for paying subsidy on P&K fertilisers wherein the subsidy is paid at a fixed rate worked out based on the nutrient content of the product. The actual procurement price of the importers has no impact on the subsidy paid by the Government on P&K fertilisers. Urea for direct agriculture use is imported on Government account. Adequate measures have been taken in the supply contracts entered between suppliers and the STEs to ensure quantity, quality and timely supply of urea by the suppliers. In case the quantity is determined lower with reference to the Joint Draft Survey Report (JDSR) at discharge port with reference to Bill of Lading (BL) Quantity, the payment is released for the lower quantity. The quality of fertilisers is determined based on the sample analysis done by the Central Fertiliser Quality Control & Training Institute (CFQC&TI), Faridabad, which is final and binding on the supplier. Necessary recoveries as per provisions of supply contract are made from the suppliers in case of any deficiency. In case of delay in supply of urea by due date, adequate provision have been made in the supply contract to ensure supply of urea at lower price or to recover penalties by way of Liquidated Damages (LD).